

BERNSTEIN EMERGING MARKETS VALUE
EMERGING MARKETS EQUITY: MSCI EM BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2008**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Bernstein EMV	-18.42%	-29.46%	35.86%	5.54%	
MSCI EMF	-17.50%	-26.95%	-33.20%	8.37%	

COUNTRY ALLOCATION COMPARISON

<u>Over-weight</u>	<u>Bernstein</u>	<u>EMF</u>	<u>Under-weight</u>	<u>Bernstein</u>	<u>EMF</u>
Korea	21.11%	7.69%	China	8.41%	-6.11%
Thailand	5.00%	3.53%	India	3.73%	-3.02%
Israel	4.96%	2.03%	Malaysia	0.00%	-2.57%

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

Market Overview The MSCI Emerging Markets fell 17.5% in US dollar terms during September, underperforming developed markets, which retreated 11.9%, as measured by the MSCI World. The decline in September was the second worst monthly performance by emerging markets (exceeded only by the August 1998 decline of 28.9%). Emerging-market equities remained under pressure as further signs of economic weakness across the world and escalating stress in the global financial system cast a shadow over the outlook for corporate profit growth. All emerging-market countries depreciated during the month, most by double-digits. Major currencies such as the Indian rupee, Brazilian real, and South African rand declined nearly 5%. Every sector fared poorly in September, with economically sensitive industrial commodities, transportation and energy leading the decline. Defensive medical and telecom stocks, while negative, performed best. **Impacts on Performance Outlook** During the month, the portfolio modestly underperformed the MSCI Emerging Markets, gross of fees, as its strategy within the industrial commodities sector outweighed positive returns from its telecommunications stocks. The portfolio's overweight in the market-lagging industrial commodities sector detracted from relative returns as commodity prices fell due to a weakening global economic outlook. Steel manufacturers Gerdau and Usiminas, in particular, hurt as steel prices faced downward pressure on concerns of weaker demand and rising steel exports from China. Copper producers Jiangxi Copper and KGHM Polska Miedz both retreated as copper prices plummeted. Similarly to steel, the outlook for copper consumption has deteriorated and will lead, at least temporarily, to further price reductions and profit squeezing of marginal producers such as KGHM. Broadly speaking, Russian equities sold off sharply after Russia invaded Georgia and amid slumping commodity prices. Against this backdrop, both MMC Norilsk Nickel and Magnitogorsk Iron & Steel suffered. Telecommunications stocks outperformed the market, and portfolio holdings Telefonos de Mexico (Telmex) and China Netcom added to performance. The defensive characteristics of Telmex, along with its attractive dividend yield and strong share buyback program attracted investors. Other positive factors during the month were Korean holdings Samsung and Hyundai Steel. **Outlook** We see that the valuation spread between emerging and developed markets still stands at a slight premium on return on equity basis, but is once again at a discount (-1%) on a price to book basis. However, based on current price-to-earnings and price-to-forward 12-month earnings estimates, emerging markets now trade at a 20% and 21% discount, respectively, to developed markets. Emerging-market companies continue to be more profitable than their developed-market peers, but the underperformance of emerging markets relative to developed markets over the recent months has widened the valuation discount emerging-market stocks enjoyed from parity a few months ago. Finally, we remain confident in the fundamentals of the stocks in our portfolio. However, we will continue to evaluate the short- and long-term impact of the current financial turmoil on the emerging economies, and will adjust our portfolio holdings as needed.

MANAGER STYLE SUMMARY

Bernstein a value-oriented, "bottom-up" manager, focusing on individual security selection, where country and sector allocations are an outgrowth of stock selection. As with their global product, they seek companies which are undervalued relative to their long-term earnings prospects due overreaction by the market. Although country selection is a by-product of the stock selection process, Bernstein seeks to reduce risk and enhance returns by limiting country concentration and maintaining stable country weights, as compared to the historical volatility of country weightings in the MSCI Em Index.

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PORTFOLIO GUIDELINE COMPLIANCE				SEPTEMBER		2008
Portfolio Guideline:	Index	Bernstein	Calc	Min	Max	Compliance
B3. Security position <= 8% of the account @ purchase						ok
B4. Number of issues		97		70	100	ok
B5. Normal Regional Exposures (* benchmark +/- min/max):						
Latin America *	23%	20%		15%	15%	ok
Asia *	51%	51%		15%	15%	ok
EMEA *	28%	25%		15%	15%	ok
Other		3%		0%	20%	ok
Total		100%				
B6. Normal Portfolio Characteristics (MSCI EM)						
Capitalization	30,978	16,364	53%	25%	100%	ok
Price/Book Value	1.8	1.2	69%	30%	100%	ok
Price/Earnings (Next 12 mo)	9.8	6.8	70%	30%	100%	ok
Price/Cash Flow	6.8	4.8	70%	30%	100%	ok
Dividend Yield	3.2	4.8	153%	75%	200%	ok
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterparty <= 30% of total mv of account						ok
F3. Annual turnover		36%		30%	40%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

There were no deviations.

ORGANIZATIONAL/PERSONNEL CHANGES

Firmwide, six portfolio managers, twelve fundamental analysts, and one quantitative analyst were gained. Four portfolio managers, eleven fundamental analysts and one quantitative analyst were lost. AllianceBernstein personnel changes are tracked on a quarterly basis. Personnel gains and losses include internal transfers. Data as of 2Q08

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m): \$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m): \$	(5.3)

Reason(s): Non-public information such as Accounts Gained and Lost cannot be disclosed until it is released to the public. This information will be available to PERSI on a quarterly basis.
The numbers above represent Q2 2008.